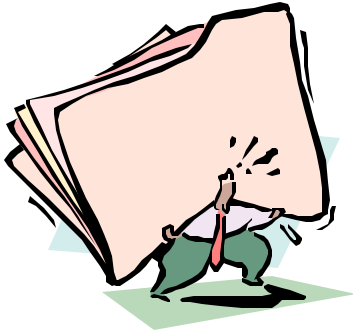


SECTION I –REPORTING and MONITORING

1. OVERVIEW



Utah communities awarded a CDBG grant are responsible for planning and carrying out their project in accordance with the rules and regulations of state and federal law as specified in the contract executed between the grantee and the state. The State of Utah is offering maximum feasible delegation of responsibility and authority to Grantees under this program. Within these parameters the CDBG staff has the responsibility to ensure that Grantees are carrying out their programs in accordance with these applicable laws and regulations. To accomplish this responsibility the Division of Community Development (DCD) will help grantees identify problems in program implementation, and identify causes of problems and solutions in order to help

Grantees correct them. Whenever possible, deficiencies should be corrected through discussion, negotiation and technical assistance in a manner that preserves local discretion. Problems should be identified and addressed as they happen, rather than waiting until the monitoring visit occurs. Regular telephone contact with state and AOG staff can be very helpful in avoiding problems at the end of the project. Some problems cannot be resolved if the grantee waits. DCD will conduct all of its monitoring activities in a positive, helpful manner.

2. OBJECTIVES

The objectives of monitoring and reporting are to determine if Grantees:

- a. Are carrying out their CDBG Programs as described in their contract with DCD and have obtained and organized documentation to support all actions and national objective compliance;
- b. Are carrying out the project in a timely manner in accordance with the time frames required by the contract;
- c. Are charging costs to the program or project that are eligible under applicable regulations;
- d. Are complying with other applicable laws, regulations and terms of the contract;
- e. Are conducting the program in a manner which minimizes the opportunity for fraud, waste and mismanagement; and
- f. Have a continuing capacity to carry out the approved program or project.

3. PROGRESS REPORTING REQUIREMENTS

Progress reports are required as part of each Request For Funds (RFF). Requests cannot be paid unless there is a progress report. The progress report should succinctly describe the accomplishments of the project to that date in time. Examples include but are not limited to, amount of pipe laid, percentage of building completed, number of people assisted, etc.

Additional progress reports may be required during the course of the contract with DCD if specifically requested by the state. In most cases this progress report will not be required if DCD is kept up to date concerning the status of the project periodically throughout the contract period. The State program specialists may request additional reports as necessary based on the difficulty of the project and the contact that the grantee has maintained with DCD regarding progress. Progress reports must be submitted upon request even if the status of the project has not changed since the prior report.

The final report is required for all grantees and is part of the Close Out packet. The progress report is as beneficial for the grantee as it is for the state. It assists the grantee in assessing its progress toward completion in a timely manner. The final Progress Report, which will be completed at the time the project ends, is really a performance report summarizing the actual accomplishments of the final project; see Exhibit J, for a copy of the Progress Report Form.

All information requested on the form must be supplied. HUD requires some of this information, specifically that information related to Civil Rights and Equal Employment Opportunity. Attachment A of the Progress Report (Contract and Subcontract Status) must be included with each report. Attachment B of the Progress Report (Staff breakdown by Sex, Race and Handicap) must be included.

In the case of an eligible applicant making application on behalf of another entity, the following method will be used to determine who must complete Attachment B - Staff Breakdown:

- a. If the eligible applicant applying for another entity receives or is responsible for any administrative costs of the grant, both entities must complete Attachment B.
- b. If the sub-recipient derives all DIRECT benefit from the grant, and any funds received by the primary grantee are simply funneled through to the sub-recipient, only the sub-recipient must complete Attachment B.

4. MONITORING REQUIREMENTS

The state CDBG staff will monitor all Grantees at least once during the course of the project. The final monitoring visit, in most cases will be made prior to drawing down the last 5% of CDBG funds from the State. The monitoring system adopted by DCD is designed not as a means of levying sanctions on grant recipients, but rather to identify concerns and problems and then to assist the grantee to solve the problem and complete the project in accordance with all program requirements. If the problem cannot be resolved and there are disallowed costs, funds will need to be repaid to the federal government.

a. Progress Monitoring

Progress monitoring is an ongoing process of reviewing Grantee performance during the contract using all available supporting documentation. Oversight of project administration is an ongoing responsibility of the State staff. HUD's newly instituted financial monitoring system, Integrated Disbursement Information System (IDIS) will now take the place of any monitoring that would have been requested during the project period.

- ? Sources of information, which should be available for desk review and analysis, are:
 - The Grantee's application file and contract;
 - Request for Funds forms, Status of Funds Report, invoices, canceled checks, deposit receipts and audit reports,
 - Citizen and administrative complaints,
 - Data supplied by other state and federal agencies,
 - Grantee prepared environmental reviews and request for Release of Funds,
 - The grantee's responses to monitoring and audit findings
- ? Uses of Information - The data will be used to determine lack of activity, and to identify problems, potential problems, program status and accomplishments. Analysis of the data may indicate the need for a special monitoring visit by DCD to resolve or prevent a problem.

b. Monitoring Visits

In addition to on-going administration, DCD will also conduct on-site monitoring visits.

- **Timing.** On-Site monitoring visits will be conducted at least once during the contract period.
- **Scheduling.** The Grantee to be monitored on-site will be notified in advance of the visit and a mutually agreeable appointment will be made.

More frequent on-site monitoring visits may be necessary for one or more of the following.

- The complexity of the grants, i.e., a large amount of program funds or multiple purposes.
- Known problems, i.e., previous monitoring findings, audit findings, lengthy time periods.
- Citizen or administrative complaints; Please remember that it is the responsibility of the Grantee to resolve such complaints.
- Source of Information; All of the previously identified grantee files will be reviewed on-site with the grantee.

(1) Programmatic

Programmatic monitoring activities will focus primarily on two aspects on the CDBG program: program progress and program benefits (see Exhibit Book, Progress Reporting/Monitoring, Exhibit R/M-2) in the following areas:

- National objective compliance and record keeping;
- General organization of files;
- Financial and general grant management;
- Environmental compliance;
- Public participation and complaint procedures;
- Labor standards compliance documentation;
- Civil-rights, benefits to minority persons;
- Construction contracts; and
- Property acquisition/relocation or displacement.

(2) Financial

Financial monitoring will focus on the following areas:

- Does the Grantee have an accounting system with the capacity to maintain all records and documentation as required under the CDBG program?
- Has the Grantee established a system of internal controls to eliminate potential fraud and abuse?
- Does the Grantee have adequate sources of documentation?

c. Format For State Monitoring Visits

Prior to Grantee monitoring visits, the State CDBG staff will contact the appropriate city officials for an agreeable time and date for the visit. Staff will review the city's grant files. Individual Grantee circumstances will dictate whether the staff will conduct:

- (1) a general program monitoring visit covering program progress and benefit; or
- (2) an in-depth review of one or more program compliance areas. When conducting a monitoring visit, the following procedure should occur:
 - (a) Conduct an "entrance conference" with appropriate local officials and explain the visit's purpose and schedule and explain and provide copies of the monitoring form used to guide the visit;
 - (b) Using the monitoring form, examine all files and other documentation in the presence of

the local program manager and elected officials if possible.

- (c) Visit the project site or sites involved in the project being monitored;
- (d) Discuss with the Grantee any discrepancy among data resulting from the files examined, interviews, and visits to project sites; and
- (e) Conduct an exit interview, if possible, with the chief elected official and his/her project management staff to discuss the findings of the monitoring visit.

d. Inspection Activities

The state staff may utilize a checklist or several checklists, or develop their own questions as the situation demands to determine:

- (1) if planned CDBG national objectives are being met;
- (2) if amendments need to be made to the contract to accommodate changing conditions or circumstances; and
- (3) If the Grantee's records and on-site project inspections substantiate the Progress Reports.

e. Triggers for Unscheduled On-Site Visits

Several actions or events by a Grantee may "trigger" an unscheduled monitoring visit, in order to avoid a situation or breach of contract, non-progressive performance or non-compliance. Possible "triggers" include but are not limited to:

- (1) Complaints received by DCD indicating poor management;
- (2) Failure to submit a progress report or financial status report;
- (3) Indicators of fraud or abuse;
- (4) Financial mismanagement;
- (5) Lack of progress regarding contract activities; and
- (6) Repeated breaching of any contractual provision after prior notice from DCD to comply.

f. Post Visit Action

A letter will be sent to the Grantee reporting the results of the monitoring visit. The content and timing of the monitoring letter and the use of documentation are as follows:

- (1) The monitoring letter to the Grantee will include:
 - The name of the staff person who conducted the monitoring visit and date of visit;
 - Scope of monitoring;
 - Monitoring conclusion (positive and negative) supported by facts;
 - Specific corrective action (if necessary);
 - Due date of any necessary corrective action; and if appropriate, offer of technical assistance.
- (2) The timing of follow-up will occur as early as possible, particularly if there are major findings.

- (3) All documentation and correspondence relating to monitoring visits and conclusions will be placed in the Grantee's file maintained by DCD and should also be placed in the grantee's files.

g. Follow-Up Action

Any Grantee who receives a notice of negative finding following the monitoring visit, must submit to DCD, within 30 calendar days, a written statement indicating that the negative findings have been, or are in the process of being corrected, and the method by which this is being accomplished. All remaining funds in the contract will be held pending problem resolution.

- (2) If, after 30 calendar days, the Grantee fails to meet a date for corrective action, the state staff may telephone the Grantee and remind the Grantee of the need for action. The state staff will make a secondary visit to the site to help solve the problem if it becomes apparent that the grantee cannot solve the problem in a timely manner.
- (3) The Grantee's proposed corrective action will be reviewed by the state. If the review indicates that the corrective action was less than satisfactory, a letter will be forwarded to the Grantee which specifies needed additional action and the due date.

h. Resolving Monitoring Findings

When all reviews of documentation of Grantee corrective action indicate satisfactory action, a letter will be forwarded by DCD to the Grantee stating that the findings are resolved. A "close-out packet" which is the last requirement, besides the grantee's audit, will accompany this letter. The Close Out packet must also be completed and returned to DCD within 30 calendar days of final cash receipt. A certificate of completion will be returned to you when this final stage is complete. This signals the official end of the project.

Grantees should recognize that failure to observe specific dates for the return of requested reporting or monitoring evidence is noted by the State staff and may be provided as information to the RRC's. The RRC's may make use of this data in future grant application processes under the rating and ranking criteria identified as "Capacity of Grantee to Carry Out the Grant."

A copy of the monitoring forms used is included in the Exhibit Book, Progress Reporting/Monitoring section for your information. They should be reviewed prior to a monitoring visit in order to acquaint the Grantee with the specifics to be monitored and allow the necessary preparation of needed material.

5. **IMPORTANT REMINDERS**

- Files must be prepared at the onset of the project and maintained during the complete course of the project.
- The CDBG staff will provide technical assistance setting up financial files if requested.
- Immediately contact your state program manager if unexpected delays or problems arise.
- Monitoring occurs at the 90-95% project completion point.
- The purpose of monitoring is to ensure compliance with federal laws and to ensure that files are complete.
- Before the monitoring visit review the Checklist at the end of this section.
- Some projects may be monitored by phone only.

CDBG Monitoring Checklist

This checklist is provided as a courtesy to help you prepare for the CDBG monitoring visit. This visit is not an audit; it is performed to assist you in making sure that your jurisdiction has all the required state and federal documentation. Remember that CDBG is public record and anyone wishing to view your files has the right to do so. Incomplete files can lead to lawsuits and forfeiture of funds. However, all items listed may not apply to all types of grants; please call your program specialist if you have questions.

- ___ Pre and final application.
- ___ Public notices and proof of publication.
- ___ Contract between state and your jurisdiction.
- ___ Survey sheets, tabulations, and survey instrument.
- ___ RFP for engineer, signed within last 5 years.
- ___ Contract between engineer and jurisdiction.
- ___ Commitment letters from non CDBG funding sources or other funding verification.
- ___ Verification of administration costs: i.e. time sheets, invoices, etc. How was wage determined?
- ___ RFF forms with invoices and canceled checks or proof of payment , state check stubs, dated deposit slips.
- ___ Copy of regional consolidated plan or the portion that applies to your jurisdiction and project.
- ___ Anti-dislocation plan.
- ___ 504 inventory assessment i.e. checklist of ADA compatibility of jurisdictions facilities.
- ___ If applicable, cooperative agreement & proof of non-profit status.
- ___ Environmental file containing ECO designation, DPA signed by ECO, completed check list, public notices as required, environmental release letter signed by Cheryl Elliott. Etc.
- ___ Davis Bacon wage rate decision, contractor and sub-contractor eligibility from state labor specialist.
- ___ Proof of contract bid advertising, bid opening date, tabulation and notice of contractor award.
- ___ Pre-construction conference minutes.
- ___ Contract between jurisdiction and contractor including form 4010, EEO statement and the Davis Bacon wage rate decision. Any change orders including amount.
- ___ Evidence of attempts to use local, woman owned or minority contractors and workers if contract.
- ___ Weekly payroll forms numbered sequentially, signed, and **checked for accuracy by grantee**.
- ___ Payroll interviews completed monthly including all laborers and at least 10% of the workforce.
- ___ The enclosed civil rights and internal control questions must be answered.
- ___ Any other enclosed questions must be responded to.